

Workforce Observations

For The North Central WDA

February, 2002



The River Valley Year In Review

From the point of view of labor market activity this last year has not been an uneventful one for the Upper Wisconsin River Valley District. In the nine county area there has been a labor shortage in place for some time. Until recently this worker shortage has meant a tight hiring market, especially in the areas of the trade and service industries. Recent problems in the national picture are now being felt locally as orders drop off for everything from building components, paper products, and prepared food products. This has led to an inevitable falloff in demand for labor, which happens to have come at about the same time as seasonal job declines. The result is that the year 2002 begins with a looser labor market, and an easier time for employers looking for help. (The problem is that it is impossible to say how much of this is due to a recession and how much to a natural and predictable seasonal decline.) The shortsighted may feel that this is the end of a very persistent labor shortage, but this is incorrect. The tight labor market is mainly a function of demographics, and not so much of economics. If it is assumed that the current recession is not only temporary, but short-lived as well, then the help wanted signs will be out again, and with the same meager results as before.

Nonetheless, there has been a definite softening in the job market over the last year, but it has not been nearly so sharp as elsewhere. In fact, in the nine county area of the Upper Wisconsin River Valley the preliminary stats indicate that there has been only a microscopic number of jobs lost in the period between December 2000 and December 2001. Nonfarm Wage and Salary figures for the District indicate a job decline at about 230 positions. Local Area Unemployment Statistics (LAUS) which are place of residence data, only show a decline of about 1,000 jobs. (Conformity between LAUS and CES data is impossible, even though the same labor force is being "polled". They use different methods of data collection, and other factors.) In a field of well over 200,000 workers in the nine county River District labor force, these differences over the last year are insignificant. Even keeping in mind that these are preliminary statistics making no claims to total accuracy, they are not far off and indicate, despite the gloom elsewhere, that we in the Valley should be counting our blessings.

Unfortunately, there is often a worm in the reddest apple, and cutting away the bad parts doesn't make the rest any

sweeter. The ongoing saga of our problems with the paper makers of our area is a story with no ending in sight, and hopes locally for a happy conclusion don't really seem warranted. The nagging overcapacity that haunts the industry is a worldwide problem with no resolution imminent. Worse, there are few real solutions to overcapacity when it occurs in any manufacturing sector. In fact, there are only two – either demand increases on a more or less permanent basis, or manufacturing elements themselves are retired. Superannuated stock goes first, then the knife begins to cut red meat and bleeding begins in earnest. This unfortunate process has been underway in the older mill towns of New York, Maine, and other places for some time, with all its associated economic dislocations. And now this is what has been happening recently in Stevens Point and Wisconsin Rapids.

Stora Enso (formerly Consolidated Papers) is struggling with a painful downsizing that may eventually result in the closing of one *or more* of the mills in the area. Machines have already been idled. The Biron facility outside of Rapids is considered a likely candidate for shuttering, although company officials are saying little about that at this point. Hundreds of workers have already been released and there will be more. When one remembers that this company is the economic backbone of Wisconsin Rapids (and, to some degree Stevens Point) the painful effect of the permanent loss of hundreds of high paying jobs over such a short period is easy to see. Adding to the consternation of the people involved is the fact that Stora is a global player in the paper game, one of the biggest. For example, they have several major sites in Asia, especially China. Asian paper will be an increasingly serious competitor to all US paper in the years to come. The spectacle of local downsizing by a company that is simultaneously expanding competitive sites elsewhere, is rather hard to take, much less understand. It only adds to the emotional aspect of an already unsettling process whose conclusion is far from clear. Today, this is the dark side of living in a company town.

In the northern counties of the River District, the tourist industry seems to overshadow everything else. This is partly an illusion, and an understandable one. The north woods have always been a favorite vacation spot, and Wisconsin resembles such states as New York and Minnesota, in that the northern portions are still forested and "undeveloped" for the most part, and have been resort areas since the end of the lumbering days. In counties such as Oneida and Vilas, manufacturing is also an important part of the picture, to be sure, but it just seems that fishing and outdoor activities are the hallmark of life in the Pinerries.

Another interesting aspect of the economic life of the north is the increasing importance of these areas as a retirement destination, a fact that has increasingly driven up the price of everything from real estate to food and recreation. Although data from the 2000 census has yet to be collated for these areas, it is clear from other sources that the population north of the Lincoln County line is aging. The profile of the expanding health care industry also reflects the graying of the north, as health care facilities not only expand, but geriatric care becomes more important than before.

However, this has been a rather tough year for our northern counties. While last summer was all right in the tourist area of things, it wasn't boom times, by any means. It seemed the weather cooperated about half the time and the general economy was starting to slow. The kicker seemed to be fluctuating fuel prices.

High gas prices tend to discourage people from driving too far from home, although to what degree is impossible to say. Following a so-so summer has been a winter that in some respects has been a disaster. Again, the weather is the culprit. The winter tourist season has been increasingly important these last many years in the north, due to everything from the snowmobile, to skiing, and fishing. What was once only a midwinter splurge of activities in the larger urban areas around the Holidays has been elongated into a season-long affair. While winter tourism in the north may never reach Colorado proportions, it is something the people in the northern counties have come to depend on. A winter like the current one is an economic blow that would have been unthinkable a quarter century ago, when northerners basically buttoned things up for the duration after Labor Day. It isn't over yet, but what is left hardly counts now. We are already staring spring in the

face and most people are taking a deep breath and preparing for the summer to come. A restaurant or marine sales owner in Minocqua or Eagle River may reflect on the last many months and the uncertain months ahead and realize it has been rough and may get rougher. But for those inclined, there may be a certain consolation in reflecting that at least they don't live in Wisconsin Rapids.



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For The Month Of January 200:	Adams	Forest	Lang.	Lincoln	Mara.	Oneida	Portage	Vilas	Wood	Region
Labor Force	7,986	4,574	9,522	14,615	75,591	20,223	36,933	11,144	41,565	222,153
Employed	7,621	4,276	8,852	13,822	72,972	19,122	35,631	10,518	39,942	212,756
Unemployed	365	298	670	793	2,619	1,101	1,302	626	1,623	9,397
Unemployment rate(%)	4.6	6.5	7.0	5.4	3.5	5.4	3.5	5.6	3.9	4.2%
Total, all industries**	3,739	3,416	7,618	11,987	69,055	17,245	31,047	7,695	43,907	195,709
Construction & Mining	119	50	229	379	2,386	940	757	732	1,298	6,890
Manufacturing	415	487	1,667	3,850	17,637	2,065	5,430	431	9,508	41,490
Transportation & Util.	188	255	418	461	4,167	669	1,936	178	3,218	11,490
Wholesale Trade	111	37	351	385	5,148	528	1,482	245	1,354	9,641
Retail Trade	768	448	1,686	2,193	13,120	4,630	6,034	2,172	7,867	38,918
FIRE	92	99	252	735	4,695	439	3,711	295	965	11,283
Services	860	530	1,835	1,884	14,084	5,282	6,788	1,589	14,297	47,149
Government	1,186	1,510	1,180	2,100	7,818	2,692	4,909	2,053	5,400	28,848
Change from previous mo.	Adams	Forest	Lang.	Lincoln	Mara.	Oneida	Portage	Vilas	Wood	Region
Civilian Labor Force*	80	-466	69	-284	-796	-208	220	-170	23	-1,532
Employed	261	-381	281	90	772	194	1,162	106	1,361	3,846
Unemployed	-181	-85	-212	-374	-1,568	-402	-942	-276	-1,338	-5,378
Unemployment rate(%)	-2.3	-1.1	-2.3	-2.4	-2.0	-2.0	-2.6	-2.4	-3.2	0.0
Total, all industries**	-206	-366	-366	-315	-2,023	-590	-1,686	-235	-2,483	-8,270
Construction & Mining	-47	-130	-130	-221	-1,053	-198	-369	-266	-401	-2,815
Manufacturing	17	-58	-58	-323	-850	-7	-331	-90	-282	-1,982
Transportation & Util.	8	-2	-2	16	147	-41	16	-73	-54	15
Wholesale Trade	-2	-89	-89	-82	-286	144	-162	102	-97	-561
Retail Trade	-143	-234	-234	-163	522	-277	50	189	-1,454	-1,744
FIRE	-6	-13	-13	481	-234	-16	59	-25	45	278
Services	18	232	232	59	62	4	-548	-107	-6	-54
Government	-51	-72	-72	-82	-331	-199	-401	35	-234	-1,407

Look for the most current Labor Market Information at: WWW.DWD.STATE.WI.US/LMI
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